The President's Daily Brief

November 19, 1976

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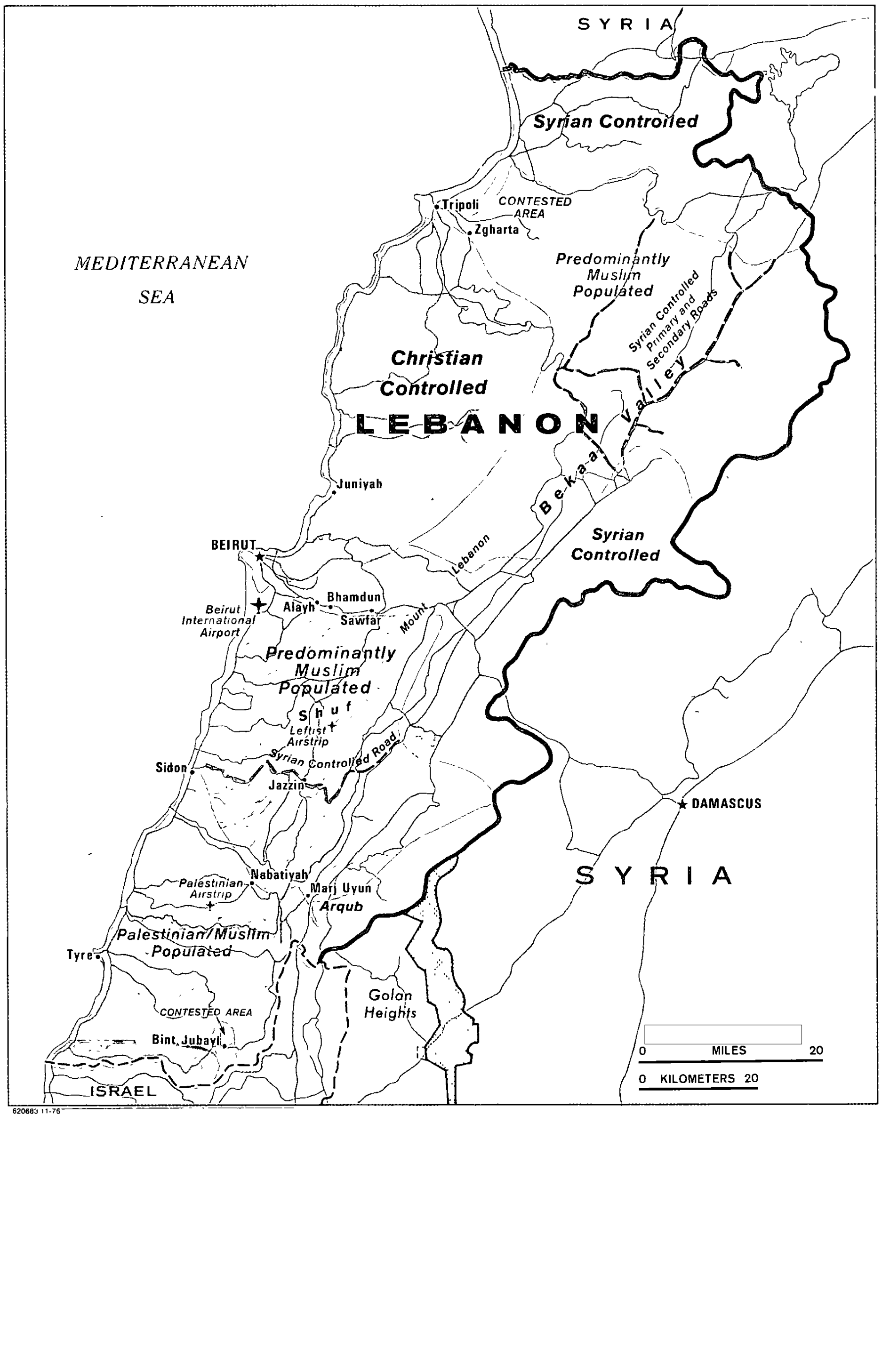
SYRIA
Syrian Controlled
Tripoli
CONTESTED AREA
Zgharta
MEDITERRANEAN SEA
Predominantly Muslim Populated
Syrian Controlled Primary and Secondary Roads
Christian Controlled
LEBANON
Bekaa Valley
Juniyah
BEIRUT
Lebanon
Syrian Controlled
Beirut International Airport
Alayh
Bhamdun
Sawfar
Mount
Predominantly Muslim Populated
Shuf
Leftist Airstrip
Syrian Controlled Road
Sidon
Jazzin
DAMASCUS
SYRIA
Palestinian Airstrip
Nabatiyah
Marj Uyun
Arqub
Palestinian/Muslim Populated
Tyre
Golan Heights
CONTESTED AREA
Bint Jubayl
ISRAEL
0 MILES 20
0 KILOMETERS 20
620683 11-76

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LEBANON: *With the exception of an incident at a refugee camp, the cease-fire in Beirut is holding up well.*

Beirut airport is expected to open for daylight operations today, and commercial activity throughout the capital is returning to normal.

The one incident occurred between members of the Syrian-controlled Palestinian organization, Saiqa, and members of Fatah and other independent Palestinians. The matter was settled without the intervention of peacekeeping troops.

General Haj, the Lebanese commander of the Arab security force, has notified local officials in northern and southern Lebanon that peacekeeping troops would enter those areas by the end of the week.

Syria remains reluctant to send its own troops into the far south--even under the umbrella of Arab peacekeeping--because of Israeli sensitivity to any Syrian presence near the border.

Damascus hopes to gain control of the area by limiting the numbers of Palestinians returning south and by sending Syrian-controlled Palestinian forces into bases from which the Palestinians have operated against Israel. This arrangement, however, will give Syria only marginal influence there over the Palestinians and even less over the Christians, whose cooperation with the Israelis is a major embarrassment to Damascus.

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Arafat is currently in Damascus for talks with Syrian President Asad,

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ostensibly to patch up their differences. The two have asked other Palestinian leaders to join them today, suggesting that a formal statement of reconciliation may be issued.

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RHODESIA: [redacted] 25X1

[redacted]

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

25X1

[redacted]

[redacted] 25X1

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[redacted] 25X1

* * *

ZAMBIA: [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

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JAPAN-EC: *Japan's surplus in trade with Western Europe is again prompting complaints and the threat of retaliation from the European Community.*

EC officials have warned that unless Japan acts soon to reduce further competitive pressures in certain sensitive areas such as steel, automobiles, and shipbuilding, individual EC states--particularly those with serious economic problems--will take unilateral action to restrict imports from Japan.

Japanese business and government leaders alike are resigned to making some accommodations, if only to defuse the issue for the time being. Even so, the Japanese know that any adjustment in the trade account is likely to be temporary and that, as in the past, the trade surplus will remain the primary economic issue--and fundamental political problem--in Japan's European connection.

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Competition in world markets--outside the EC--is of major concern in EC circles. Japanese shipbuilders have won contracts for nearly two thirds of worldwide merchant ship tonnage ordered this year and continue to underbid the Europeans by as much as 40 percent.

Japanese business leaders are unenthusiastic about export controls and are concerned that such a response to European pressures may fuel protectionist sentiment in the US.

These leaders maintain that the EC's failure to expand its share of the Japanese market is a European responsibility and that some of the shortfall in imports from Western Europe has been a product of the slow pace in Japan's domestic economic recovery.

[redacted] business and government leaders alike suspect that the significance of increases in some of their exports has been distorted for domestic political reasons and that the bilateral trade account has again been targeted as a scapegoat for internal European economic shortcomings. 25X1

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OPEC: Oil Price Chronology

Date	Event	Resulting Average Cost for Benchmark Crude ($ per barrel)
1957-1970		1.10
1971-1972	*Producer* governments and foreign companies meet several times in Tehran, Geneva, and Tripoli and work out small price increases.	1.80
June 1, 1973	*Geneva*—agreement to compensate for 10% devaluation of dollar on 12 February	2.00 (effective July 1, 1973)
October 16	*Six OPEC* Persian Gulf countries increase price by 70%, other oil exporting countries follow suit.	3.30
December 23	*Tehran*—Oil ministers of Gulf OPEC states increase posted prices, implement government participation.	9.34 (effective January 1, 1974)
March 16, 1974	*Vienna*—OPEC agrees to maintain prices.	9.34
June 15	*Quito*—Oil ministers increase royalty.	9.47 (effective July 1, 1974)
September 12	*OPEC* freezes prices but increases taxes and royalties.	9.84 (effective October 1, 1974)
November 1	*Saudi Arabia* and two other Gulf States increase royalties and taxes to pre-empt potentially larger OPEC-wide increase the following month.	10.24
December 12	*OPEC* forced to ratify Saudi increase of November 1.	10.24
March 7, 1975	*Algiers*—OPEC price freeze extended through September.	10.24
September 24	*Vienna*—After 4 days of unprecedented squabbling, Iran and Saudi Arabia finally compromise at a 10% increase.	11.51 (effective October 1, 1975)
April	*Geneva*—Oil ministers hold surprise meeting to pave the way for the May meeting in Bali.	11.51
May 27	*Bali, Indonesia*—Saudi Arabia prevails in attempt to maintain price freeze through December, with advance concurrence of Iran.	11.51
Mid-December 1976	*Doha, Qatar*	?

ANNEX

OPEC

The size of the increase in the price of oil that will be determined by the Organization of Petroleum Exporting Countries at its meeting in December will depend on how Iran and Saudi Arabia reconcile their differences over this question. Our best guess is that the increase will be something like 10 percent.

There is no evidence, despite news reports of a postponement, that the OPEC meeting scheduled for December 15 will be delayed for more than a few days.

The Saudi position has changed twice since the OPEC meeting in Bali, Indonesia, last May. At that meeting Saudi Arabia successfully pressed to continue the price freeze established in October 1975 on the grounds that higher oil prices could weaken or abort the recovery in the major Western industrial countries and help to erode political stability in countries with strong Communist parties. [redacted] 25X1

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[redacted] Iran could get along quite well without 25X1

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any price rise during 1977. Its current-account surplus should approximate $5.6 billion this year and, even with large military purchases, should be sizable next year as well.

The other OPEC members seem to be following their usual practice of lining up behind either Saudi Arabia or Iran on the price issue.

Kuwait and the United Arab Emirates, with large revenue surpluses, seem fully behind Saudi Arabia; revenue-hungry states such as Iraq, Nigeria, and probably Venezuela back Iran. The Saudis have broadened support for their position in OPEC councils in the past by offering financial assistance to needy states like Algeria--a tactic they probably will use again at the next ministers' meeting.

The Saudis, having held the price line throughout 1976, now feel reluctant to expend the necessary political capital with other OPEC members to prevent an increase. On November 10, King Khalid publicly stated that Saudi Arabia's commitment to OPEC may preclude a continued oil price freeze. If Iran is adamant in its demands for a large increase, the Saudis will likely agree to a 10-percent hike and might not veto one of 15 percent.

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